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Rural Youth Loans



United States
Department of
Agriculture

Rural Youth Loans

The U.S. Department of Agriculture's Farm Service Agency (FSA) makes operating loans to individual rural youths age 10 through 20 to establish and operate income-producing projects. These projects must be of modest size and be initiated, developed, and carried out by rural youths participating in 4-H clubs, Future Farmers of America, or a similar organization, or with a vocational teacher or county extension agent.

The project must be an organized and supervised program of work. It must be planned and operated with the assistance of the organization advisor, produce sufficient income to repay the loan, and provide the youth with practical business and educational experience.

Who May Borrow?

To qualify for a loan, the borrower must:

- be a citizen of the United States (or a permanent resident), which includes Puerto Rico, the US. Virgin Islands, Guam, American Samoa, and certain former Pacific Trust Territories.
- live in the open country or in a town of less than 10,000 people.
- be unable to get a loan from other sources.
- conduct a modest income-producing project in a supervised program of work as outlined below.



Possible Projects

These loans can finance nearly any kind of income-producing project. Some common projects include livestock and crop production, lawn and garden services, repair shops, and roadside stands.

Loan Funds May Be Used To:

- buy animals, equipment, and supplies
- buy, rent, or repair needed tools and equipment
- pay operating expenses for the project

Things To Know:

- These are direct loans and have a maximum loan amount of \$5,000.
- Interest rates for these loans are determined periodically, based on the cost of money to the Federal Government. However, when the loan is made, the interest rate for that loan will not change.
- In addition to promissory notes, these loans will be secured by liens on the products produced for sale and on chattel property, including livestock, equipment, and fixtures purchased with loan funds.
- The repayment schedule will vary depending on the type of project for which the loan is made. If raising livestock or crops, for example, the loan is paid when the animals or produce are sold. If the project is a service operation, the loan can be paid from weekly or monthly earnings.

Where And How To Apply

Additional information and application forms for youth project loans are available from the local FSA office. These offices are usually listed in telephone directories under "U.S. Department of Agriculture, Farm Service Agency." The applicant must submit completed plans and budgets signed by the project advisor along with the FSA application for loan assistance. Information on FSA can also be found on the FSA home page at www.fsa.usda.gov



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